THE CHINA WEEKLY REVIEW

密勒氏評論報

A Weekly Newspaper Established in 1917

December 15, 1945

Hurley's Charges Refuted

AN EDITORIAL

China's Need: Communications

By Brig. Gen. George Olmstead

Students Strike Against Govt.

By Charles J. Canning

U.S. Dollar Popularity Temporary

By John Ahlers

Government Organization Chart

Special Feature

Where Is America's Frontier?

By E. Leopold Rissin

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What People Are Saying

Comments from readers on current topics are cordially invited: their opinions, however, do not necessarily represent the views of The China Weekly Review.

Student's Hope

To The Editor:

Most Chinese, regardless of whether or not they are party members, welcome the appointment of General George C. Marshall as the new American representative to China. It is felt that he will clear up the confusion left by General Hurley, who became hopelessly involved in Kuomintang-Communist arguments, as well as entangled in American politics.

Last winter, when the Japanese captured Tushan, Kweichow, the Chinese people, especially those in Szechuan, felt that all was lost. However, the Americans sacrificed everything, their lives, their homes and their treasure to help China and to drive the Japanese back to their islands.

Today, China sorely needs the continued help of America. Even with American help, the Chinese Army was not able to win a clear victory, success being achieved by the American Navy and the Atomic bomb mostly. Even though the Japanese are defeated, conditions are still difficult in China; civil war rages, inflation is beyond control. The Chinese people are suffering.

I hope that the Americans—who have helped us in everything in the past—will help us out of our present troubles; that they will stop the civil war and right the country's economy. I hope that they will help us construct our country according to Dr. Sun's Three People's Principles.

It is only because the Americans have always taken care of us and my intense feeling that now we need their help more than ever that I desire to write the foregoing.

H. K. WANG,
(A Student)

Chengtu, Szechuan
December 4, 1945.

THE CHINA WEEKLY REVIEW

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Student's Protest

To The Editor:

READING Mr. Ahlers' article "Inadequate Training Lowers Standard of Future Economists," which appeared in the November 24 issue of the Review, I want to express my appreciation of Mr. Ahlers' statement that certain reforms should be made, although I want to correct Mr. Ahlers' views as regards the standard of our professors and of those students who were graduated during the past few years. Furthermore, I also want to express my sincere hope that our Allied friends will assist us in the solution of current problems.

First of all, I want to state that I do not feel any grudge against Mr. Ahlers, and that I only want to mention a few facts.

We all know that wartime conditions as witnessed in our city during the past four years are inadequate for sweeping statements passing judgement upon the general state of affairs in the educational field in China. Since Mr. Ahlers happened to be a part time instructor at St. John's University at the same time when I was a student in the post-graduate school of the same institution, I think that the afore-mentioned university might form the background of Mr. Ahlers' statement. But even so, his opinion is not founded on facts, I think, since, for instance, our accounting professor was one of the most famous chartered accountants in Shanghai and a man of outstanding creative ability. In order to interest his students, he used very impressive examples, a procedure which, however, cannot be termed "interposing a few excursions and jokes for color."

As regards the professor of economic theory and thought, I can only say that he explained to the students foreign economic theory and that he also discussed Chinese economic problems.

Our visiting professor of statistics was the head of the statistical department of one of the leading banks in Shanghai. Has such a man no practical experience?

Our professor of scientific management and industrial problems was at one time president of one of the best national universities. Can such a man convey nothing of interest to the students?

THE CHINA WEEKLY REVIEW

Cable Address "REVIEWING SHANGHAI"

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It is not correct then to say that the professors at St. John's are not experienced in their field nor that they are unqualified. At St. John's University you can still find a great number of good teachers who are just as good as our old American and British professors.

I want to admit, however, that we do not have the best professors, and I also want to state that we do not have enough professors. Furthermore, the students studying at Chinese universities are certainly not the best students, and therefore we need assistance from our Allied friends in the same way as trees need water and sunshine.

I also want to state that our students did what they could under wartime conditions, but apparently they are far behind the standard of other countries. Undoubtedly we have to learn more. We study economics not because it is an easy subject, but because it is a hard one and I, therefore, thoroughly agree with Mr. Ahlers that we need more and better trained economic students to solve our social problems.

K. K. WANG

Shanghai,
November 28, 1945.

Potsdam Accord

To The Editor:

May I call your attention to important errors and omissions in your editorial "'Life' and Ambassador Hurley"?

You say "the controversy between the two revolutionary parties was never settled." May I call your attention to the agreement in February, 1937? You may contend that this was not a settlement because the Communists never intended to observe it and so stated in documents marked "confidential" which were circulated to their party members at the time. However, it was a settlement.

If America's policy is to give aid only to the National Government, as you seem to think, this policy is based on the agreement made by Attlee, Truman and Stalin at Potsdam and incorporated in the Sino-Soviet Treaty in July, 1945, which reads in part, "The Soviet Government is ready to render China moral support and assistance with military equipment...This support and assistance is to be given fully to the National Government as the Central Government of China."

Perhaps you think we should give aid to both sides in China in order to make the civil war more evenly matched. However, that is not in the agreement.

May I suggest a careful reading of the "Program of the Communist International" as modified by Stalin and adopted September 1, 1928, as the official program of each section of the Commitern (including the communist parties of Russia, China and America)? Special study of the sections on China would, I am sure, be most interesting to you.

ALFRED KOHLBERG

Shanghai,
December, 5, 1945.

The American Consulate General has received from the Department of State, Washington, D.C., the following information:

On October 11, 1945, the President of the United States signed an act amending Section 409 of the Nationality Act of 1940. The principal result of the amendment is to postpone, until October 14, 1946, the operation of Section 404 and 407 of the Act. These Sections, when operative, affect the citizenship status of naturalized Americans.

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Hurley's Charges Refuted

IT was with considerable satisfaction that we read Secretary of State Byrnes' statement before Congress in which he denied former Ambassador Patrick J. Hurley's charges against foreign service career men.

As pointed out by the Review on December 1, Ambassador Hurley and Life were presenting an untruthful, highly-colored picture of China. By his unqualified endorsement of such an erroneous piece of writing, Hurley demonstrated one of two things: Either he was grossly misinformed for an ambassador, or he was guilty of falsification in an attempt to "prove" his political views.

Then again on December 8, while Shanghai's press clamored for an investigation of the State Department and several members of the American Congress began dusting off their "witch-hunting" clothes, the Review again condemned Hurley's actions and defended the so-called career men. Therefore, it is indeed pleasing to us to read Secretary Byrnes statement upholding the actions of such qualified and upstanding men as George Atcheson, Jack Service, John Davies, Arthur Ringwalt and others.

Several parts of Secretary Byrnes' statement are worth noting. After discussing two reports, one written by Atcheson, the other by Service, which Hurley claimed were attempts to undermine his position and policies, Byrnes said: "In my opinion, based upon the information which has thus far been presented to me, there is nothing in them to support the charge that either Mr. Atcheson or Mr. Service was guilty of the slightest disloyalty to his superior officers.... Within proper channels they expressed to those under whom they served certain views which differed to a greater or lesser degree from the policies of the government as then defined. Of course, it is the duty of every officer of the United States to abide by and to administer the declared policy of his government. But conditions change, and often change quickly in the affairs of government. Whenever an official honestly believes that changed conditions require it, he should not hesitate to express his views to his superior officers."

Byrnes further described the two reports in detail, although he did not make their contents public, and, by disclosing the dates of the reports and explaining the circumstances under which they were written, showed clearly that Hurley was incorrect in saying that the reports were directed "against" him.

Atcheson's report, dated February 28, 1945, was sent to Washington nine days after Ambassador Hurley had left Chungking for consultations in Washington with President Roosevelt and General Wedemeyer. Atcheson specially recommended that the report be brought to the attention of Hurley so that he, Wedemeyer and others could consider its information while in Washington. Certainly this was no attempt to report behind the ambassador's back!

Service's report, dated October 10, 1944, was written while Service was attached to General Stilwell's headquarters as a political adviser and, although still on the foreign service payroll, was accountable only to General Stilwell, not to the embassy in Chungking. Further, at that time Hurley was not the United States ambassador to China, having the title then of Roosevelt's personal representative with the *rank* of ambassador.

Regarding Hurley's charge that information was circulated in Chungking Communist circles to the effect that he was not truly representing American Government policy, Byrnes said:

"The other complaint of Ambassador Hurley is that some official or employee did not merely express a different view to his superior officer, but advised someone associated with the communist forces that the ambassador did not accurately represent United States policy. For such action there would be no excuse. I would be the first to condemn it and to dismiss the person guilty of it. But Ambassador Hurley has not furnished me, nor do I understand that he has furnished this committee, any specific evidence to prove that any employee was guilty of such conduct."

Thus it seems evident that Hurley's vicious allegations have been refuted, that the names and reputations of several outstanding foreign service employees have been cleared and that Patrick J. Hurley has succeeded only in discrediting himself.

Recovery of Property

WHEN are the authorities going to settle down to work and begin seriously to consider the question of recovery by Chinese and other Allied nationals of property looted by the Japanese and their puppet hirelings? This question, of the utmost importance to those affected, is one that needs quick and efficient work to settle.

As a case in point, the Review has succeeded in recovering not one solitary piece of its looted property, with the exception of some 30 volumes of its library bought back from the lift coolies to whom the Japs had sold them.

Some three months ago we began the search for our 4500 volume library and our office furnishings. In the course of our wanderings, we visited practically every police station in town, the Garrison Commander's office, the Mayor's office, the American Consulate, the American Association and the so-called Allied recovery group at the Central Bank of China. Practically all assured us that they were genuinely sorry that they could not help us, but explained that their office did not deal with such matters, or that our problem was just a little "different" from the ones they were handling at the moment and would we please come back later or, better still, take this card on to the next place, which would most certainly be able to take care of the matter.

Perhaps the most ludicrous and exasperating part of the journey was the rounds of the city's police stations, some of which it was rather difficult to get out of since the attendants apparently felt that our mere presence indicated that we were up to no good and, therefore, we should be looked over and our credentials and papers looked into.

We began with the old Central Police Station where we were cordially received and where we met innumerable policemen, officers and officials. Finally, after progressing through the entire building, room by room, we were sorrowfully informed that this station did not handle "foreigners" and were advised to go over to the old French Concession Central Station where all "foreign matters" were taken care of. Here we were examined rather severely, then told that the best thing to do was move on to Louza Station, which would gladly take care of us. From Louza we trekked to a remote spot out by Zikawei Creek where the boys had the same general idea that the best thing to do was get us on our way as quickly as possible.

At this point we decided that it was at least a lot simpler to sit at our borrowed desk and write letters. At least it could be no more unproductive.

This week we received word that another "suspect" has been picked up. So far, though, we don't know it "officially" because the first we heard about it was when the victim's family had a friend of one of our employees sound us out. Seems that the present "suspect" bought some of our furniture from the looters and wants to know just how much he'll have to return in order to have us take the "heat" off him.

In the meantime, the Japanese gentlemen who occupied our office are still frisking about the town as merrily as ever. Although they are the ones who should really be hauled into court, no move has been made to touch them, even though we have furnished all authorities with their names and where they can be found. Some of them, are even "aiding" in the recovery of looted property for the various commissions and officials looking into the matter. However, we have not heard of their actually turning up anything. They're just looking.

The time has long since passed when this whole matter should have been settled. Most of the Japanese and their collaborators are still to be found. If they are not apprehended and forced to disgorge, or at least to divulge the whereabouts of looted property now, the opportunity soon will be lost. We would suggest that it might have a loosening effect upon their tongues if the local authorities would put all Japanese suspects in Bridge House. Surely a short sojourn in the former number one Japanese gendarmerie torture chamber in Shanghai would at least be good for their morale.

UNRRA Program Jeopardized

By MAJOR JACK BARKSDALE
(Editorial Correspondence)

CHINA, unhappy host to eight years of war, today faces a great post-war challenge in the relief and rehabilitation of occupied areas. To implement this program, China will receive substantial help from the United Nations Relief and Rehabilitation Administration. President Truman announced in October that China would be the scene of the largest program of relief and rehabilitation to be undertaken by UNRRA anywhere in the world.

The agreement between UNRRA and the Chinese Government states that all supplies will be turned over to the Chinese Government for internal transportation and distribution. The Chinese National Relief and Rehabilitation Administration is the government agency responsible for handling direct distribution. UNRRA is powered only to advise CNRRA in the allocation of supplies, and to observe that the distribution is carried out without discrimination as to race, creed or political belief.

UNRRA has moved swiftly to bring supplies into China. Since November 8, eight large vessels have unloaded their cargoes in Shanghai, by December 15 one ship will arrive each day at a Chinese port. But the few available wharves in China will soon be choked with supplies unless they are transported inland immediately. The pipeline of supplies to China cannot be shut off while goods are moved from the docks, and then resume efficient operations. The intricate system of shipping schedules does not permit a stoppage. European countries clamoring for relief supplies will be able to point out that they are able to receive and distribute materials immediately—why send additional cargoes to China where the government is not able to utilize them?

CNRRA cannot be completely blamed if the relief program fails to function. Demands of the Chinese military for shipping and other transportation facilities leaves only a small percentage of China's war-crippled transport system available for relief purposes. UNRRA recognizes that there is only a limited amount of river and coastal shipping available. UNRRA has agreed to underwrite the foreign exchange cost up to US$4,000,000 to encourage the entry of foreign shipping into China. UNRRA will arrange to obtain ships of foreign registry to carry coast-wise freight. Both British and American ships will thus be made available to expedite the movement of goods.

Dr. T. F. Tsiang, Director General of CNRRA, knows well that UNRRA's help to China will end in March, 1947. His ambitious program, which remains to be carried out, aims at the complete solution of China's present and future relief needs. Dr. Tsiang recently stated: "I can say definitely that in the next year or two years there will be no famine in China; that within the next year or two there will be no pestilence, no widespread epidemics in this country."

This enormous task certainly has the approval of the United Nations; the successful accomplishment will hasten the development of a stable internal economy. The Chinese Government, through CNRRA, now has the opportunity to prove its capacity for rehabilitation in the prompt, efficient handling of UNRRA supplies.

Key Money Racket

DESPITE Generalissimo Chiang Kai-shek's order prohibiting military authorities from ejecting people in liberated areas from their homes, and despite Mayor Chien Ta-chun's recent rent law protecting tenants, Shanghai's landlords and militarists are doing business as usual, paying not the slightest attention to either ruling.

The old key money racket, in all its pernicious forms, is being practiced all over town, while every day dozens of Shanghai renters are being threatened and intimidated by uniformed soldiers, many of whom belong to outfits supposedly stationed hundreds of miles from Shanghai.

In one case brought to the attention of the Review, a tenant is being regularly threatened by soldiers apparently "employed" by the landlord. The house in question was rented for many years by an American who was interned during the war by the Japanese. Following the liberation of Shanghai, the American returned to his house, kicked the Japanese-installed tenant out and moved in. A few weeks later the American left on a repatriation ship and arranged for a friend to move in and look after his furniture for a few months until his return. The ship had hardly cleared the Whangpoo before the landlord was on the spot, demanding that the present tenant get out. His excuse, of course, was that the lease expired during the war and that he now wanted the property for his own use.

Another case involves a high-ranking military man who is trying to clear out an entire building which he owns. His excuse of wanting it for "his own use" apparently means that he wishes to install his military followers and hangers-on in comfortable quarters.

At the same time, Shanghai landlords have plenty of apartments, houses, business properties, etc. for rent if the tenant will only pay the price. Since the promulgation of the new rent law, many have become more cautious and do not directly ask for key money or so much rent in advance, but vaguely talk of various necessary deposits and incidental expenses concerned with moving in. All of which, of course, adds up to the same old score—key money.

Prices demanded run from a few hundred U.S. dollars for rooms and small apartments to as much as US$5000. for a house in good condition.

The jailing of a few important landlords and officials would greatly restore the public's confidence in the city administration. Another move that certainlly would meet with general approbation would be the removing from their palatial homes of some of the concubines of various government functionaries. One case which is being whispered about Shanghai's fashionable salons, is the story of the Chungking general who gave his number one mistress five houses for the use of her family and friends.

Certainly it is high time something was done. If the local administration has not been given sufficient authority to deal with the newly-arrived bigwigs from the interior, it should appeal to Chungking for aid. It is certain that the Generalissimo, at this critical period when the government is trying to re-establish itself throughout the liberated areas, does not intend to have his officials disporting themselves in Shanghai at the expense of the people.

Communications — China's Most Pressing Need

By BRIG. GEN. GEORGE OLMSTED

(Brig. Gen. George Olmsted, since January of this year the Assistant Chief of Staff, G-5, U.S. Forces, China Theater, is Gen. A. C. Wedemeyer's chief advisor in all political, economic and clandestine aspects of Army problems in China. Gen. Olmsted has achieved considerable reputation for his knowledge of Chinese affairs and personalities, and his combination of military and business experience has enabled him to gain the liking and respect of all groups, whether foreign or Chinese. In civilan life, he is chairman of the Hawkeye Casualty Company in Des Moines, Iowa).

THOSE of us of the U.S. Army who have served in China's mountainous and inaccessible west are agreed that a vast difference in outlook and way of life exists between various regions of the country. The people of Yunnan, for example, dress and live diferently than the people of Szechuan, Hunan or Kweichow, and differences almost as great can be observed within the provinces themselves.

To a casual observer these differences of custom and language, of dress and manners are part of the charm of the East, but it does not take long for a visitor to realize that the conditions that brought these cultural variations into being are the symptoms of a real illness and an urgent need that must be corrected before China can realize the potential strength which is hers as a nation.

The first indication of the serious implications of this problem is the utter inability of one area to distribute excess production to cover another's needs. It is possible to have a famine in one province while the area adjoining it has a surplus of foodstuffs.

If it were not for the fact that the life which results from this isolation is hardly idyllic, it might seem better to let things go on as they have for centuries. It is certain that any projects for reaching these remote sections with roads, railroads and airlines promise little, if any, immediate returns, since the areas to be served are large and the terrain is extremely difficult. The people, for the most part, live on a bare subsistence level and lack any but the most rudimentary tools to carry on their struggle for existence.

On the other hand, it is equally clear that China, as a nation, is about to enter on a new phase in her economic, social and political development. Agriculture, as the chief industry and the only source of livelihood for the majority of the population, will require improvement and development. The commercial cities and the manufacturing economy of the coast are of great importance in achieving this end, but it is only when the coastal economy is aimed at a goal of service to the whole country that the real purposes of the national interest are served.

As a native of Iowa, a state which is also primarily dependent on agriculture, I have been much interested by the problems of the Chinese farmer. In Iowa, communications have been developed to a degree where it is possible for farming to be conducted on a scale comparable to industry. The farmer moves his crop to a market which sells it in all parts of the country and abroad. He receives cash and uses it to buy manufactured articles which increase his comfort, ability to produce and earning power while decreasing his labor. The farmer in the United States is still behind his urban brother in his per capita cash income, but his standard of living and educational opportunities are probably better than farmers anywhere else in the world and he is incomparably better off than his Chinese counterpart in every respect.

The reason for this difference in economic and social position, as I see it, lies in the inability of the Chinese farmer to reach a market, either to sell his goods or purchase other commodities. Today's isolation makes the normal balance between a manufacturing and agricultural economy impossible. Without adequate communications, the manufacturer on the coast finds his market limited, and the farmer is not only unable to get a fair price for his produce but is also unable to benefit from the tools and conveniences which the manufacturer can supply.

Originally, and I think that this is the view held by most Americans, I was of the opinion that the most urgent need in China was an improved school system, which could bring the benefits of education to the whole population. I see now that this is only a part of the problem; not that education is less valuable, but that no system of education can be made to work until some means is found to carry it into the isolated towns and villages in which most of the people of China live. The books, and even the teachers cannot reach the students without improved means of travel, and the education would mean little if the producing areas remain unable to reach their markets.

The conclusion seems clear that the best solution for China's economic and social ills lies in a modern system of communications, but several things have prevented its development. A leading cause for delay lies in that sense of insecurity and fear which in other countries, where it usually takes a milder form, is called conservatism. In China, as elsewhere, many people prefer to maintain things as they are rather than try to improve them. The chief danger in this point of view is that it has the tendency to develop into a habit. But today, in spite of the threat of civil war and the confusion of issues left over after the conclusion of the war with Japan, the future promise of China is such that it should prevent conservatism of this kind from blocking progress.

Another opposition point of view I have heard expressed verbally presumes that the floods, famines, poverty and disease which infest China are a necessary evil; that, without them, the population would increase until the land would be unable to support the people. This is not a new theory; it was credited to an economist named Malthus in the 19th century, but in the western world it has remained only a sample of academic thinking. As rapidly as the work of doctors, engineers, scientists, leaders and plain everyday citizens have made the nations of the west better places to live, new horizons allowing further growth have appeared. This is not to imply that things are ideal; we are still trying to conquer war, racial persecution, bigotry and disease, but, in spite of the fact that some of our ailments, notably war, seem to grow more serious as we advance, it is true that on the whole the peoples of Europe and America are the heirs of a civilization that has produced more for each individual than any other the world has known.

A third stumbling block, even more important, is the failure of Chinese and foreign industrial and business leaders to take the lead in assuring China the development her present place among the nations of the world requires. Restoring and expanding China's communications cannot be the exclusive responsibility of the Government; roads, airlines, railroads, telephones, radio and shipping for intra-China trade must be financed and built for the main part by private interests inspired by an enlightened selfishness and a willingness to serve the long range interests of China. Without such leadership, China cannot expect to be a serious claimant to the position of a modern world power, and, without the benefits that will come from this national strength, industry and finance will be unable to progress beyond the position they held before the war.

American expenditures for roads and airfields, plus the larger program carried on under the pressure of military necessity by the Chinese Government during the war, have opened up sections of China previously accessible only by the most primitive means. This contribution, however, is only a bare start and few roads in West China are hard-surfaced and capable of maintaining a large and constant flow of traffic. Railroads cannot perform their full function as transport media until the present condition of tracks and rolling stock is substantially improved. The airplane and

radio, widely touted as the solution for all China's communication problems, are limited in their usefulness.

As the gateway to the outside world, Shanghai and the other cities of the coast are the reservoirs of technical knowledge, financial credit and enterprise that alone can fuse vague policies into realities. But the civilization of the coast, modern in the western sense, must be its own missionary and carry the lessons of progress westward. This is not to imply that the only cure for China is to impose a technocratic civilization on the age-old way of life of the agrarian provinces. In practice, the two cultures will fuse and modern China will emerge with a character and philosophy distinctly Chinese.

Like New York, Shanghai is a cosmopolitan city, but it would be unfortunate if it should be blinded by that cosmopolitanism into a sense of independence from the rest of China. A certain degree of this may be inevitable; New York is noted for its remoteness from the problems of the rest of the country, but New York capital and industrial know-how have played a major role in the economic development of the United States. Shanghai occupies the same relative position and has the same responsibilities. If the cultural life of the city is international, the economic life should be strictly national, based on the realization that the welfare of the city is one with the welfare of the whole nation.

It is obvious that China is confronted with many other problems which must be solved before much progress is possible. The current state of national finances, the overinflated currency, the high costs of living, the shortage of consumer supplies, the threat of civil war and the confused political picture are all clamoring for an early solution. But, despite these problems, China today is standing on the road to a future which seems to promise more than any other in her long history.

For foreigners in China, the prospects are good. The Chinese Government is aware of the value of foreign capital and technical skill in the development of the new Chinese nation. The fact that new China wants these things on the same basis that other nations have accepted them—without special concessions or extraterritoriality—is to be applauded. If foreign nations or companies have goods to sell or services to render that China needs, their citizens will be welcome. To me, it would seem that the opportunities for capital investment and individual enterprise will be limited only by the desire of the capitalist to invest and the ability of the individual to produce. These are two fundamentals of a free economy. China could hardly be expected to supply more.

American faith in the future of China is the same faith that developed our western United States after the Civil War, and the same faith that prompted U.S. support for China during this war. I am sure that it will not diminish or lose urgency in time of peace.

Kunming University Students Strike Against Govt. Rulings

By CHARLES J. CANNING

(The following dispatch by the Review's Kunming correspondent is so far the most complete eye-witness account to reach Shanghai of the recent student strikes and riots in Kunming. Since Mr. Canning's story was written, it has been learned that four students were killed and a score injuried by hand grenades thrown by Kunming Garrison troops. Because of the poorness of communications between Shanghai and the interior, the Review at press time had been unable to get in touch with Mr. Canning in order to obtain full details. For latest news from Kunming *see page 40).*

KUNMING'S student strike, which has now spread to 29 of the city's colleges, universities and schools, continued this week as the students reiterated their demands that the Central Government and the Communists stop the civil war. A further protest against interference with their freedom of speech and assembly has been launched with the Central Government.

Some 6000 students and teachers, who were holding an open meeting on the night of November 25 to discuss means of persuading China's two major parties to settle their differences amicably, were fired upon by Kunming garrison troops which had surrounded the Lienta (Southwest Associated University) campus. Despite rifle and machinegun fire above their heads and the nearby explosion of hand grenades, the meeting continued and representatives of 12 student bodies unanimously adopted a resolution to issue a manifesto condemning the civil war. The dispatching to Washington of a cable demanding the withdrawal of American troops was also approved.

For the past several weeks there has been considerable agitation among local university and school students against the civil war. This has shown itself recently in articles in school wall papers denouncing the country's political leaders. Editorials in the papers, which are pasted on the walls of the school buildings, called upon the Central Government to form a genuinely democratic-coalition government and to abolish one party rule.

Freedoms Curbed

Kunming military, Kuomintang and provincial authorities at a meeting on the night of November 24 decided to issue orders forbidding student mass meetings. The students responded immediately by charging local officials with direct violation of a recent Central Government order guaranteeing freedom of speech and assembly.

The following night the student bodies of Lienta, Yunnan and Sino-French universities and the Yunnan Provincial English College sponsored a mass meeting. The first speaker, Dr. Chien Tuan-sheng, prominent Kuomintang member and professor of political science at Lienta, pointed out that the formation of a coalition government was the only solution to the civil war. During his speech several rifle shots were fired beyond the wall of the compound, but no one paid any attention to them.

The second speaker, Dr. Wu Chi-yuan, professor of economics at Lienta, said there must be no civil war in China if the Chinese nation is to survive and if World War III is to be averted. While Dr. Wu was speaking the rattle of machine-guns was heard and bullets whined overhead. The students flattened themselves on the ground but Dr. Wu continued his speech amidst thunderous applause from the students.

When the third speaker, Dr. Fei Hsiao-tung of the sociology department of Yunnan University, mounted the platform, the garrison troops greeted him with machinegun fire and hand grenades. Dr. Fei had to shout at the top of his voice to make himself heard in the midst of the noise and confusion, but he too finished his speech.

The meeting had just adopted a resolution to issue a manifesto of protest to the government and to send a message to the United States when a man wearing dark glasses and calling himself "laopaishing" (ordinary citizen), demanded the floor. He argued that the fighting going on in North China was not civil war but the suppression of an armed rebellion. The audience, jeering and booing, pulled off his glasses and identified him as Chiao Tsung-fan, special secretary of the Kunming Kuomintang Headquarters, who was in charge of the "special service." The chairman immediately demanded that Chiao leave the platform, but his fellow agents shouted, "let him have his say" and created such a disturbance that the meeting broke up.

Roads Blocked

Students attempting to go home found all roads leading from the university compound blocked by soldiers carrying tommy guns. The students were kept shivering in the cold for several hours before being permitted to pass. Professor Pan Ta-kwei was beaten up by armed thugs on his way home.

This armed interference was the immediate cause of the November 26 strike against government and

America's First Line Of Defense In The Pacific

By E. LEOPOLD RISSIN

WHERE is America's first line of defense in the Far East?" That is the question all Far Eastern observers were asking last week. Nor were even the best informed able to give an answer with any certainty. One thing was definite though—it had moved far west of Okinawa and the East China sea.

As the outlines of U.S. post-war policy in the Far East took firmer shape, Chungking, Moscow and Washington began to take stock of the new situation. After the return to the U.S. of ex-Ambassador Partrick J. Hurley, Chungking voiced fears that a new policy less favorable to the Chiang regime might be evolved by the State Department or that Washington would delay making a decision one way or the other, until it was either too late or the initiative had been wrested from the Nationalists. That Washington promptly replied with the appointment of five-star General George C. Marshall as Ambassador to China was one more indication that the State Department views China as a vital link in its chain of Oriental policies. If any doubt still existed in the interested chancelleries, the news of hasty transfers of U.S. planes from India and Burma to Shanghai at the cost of U.S. lives, dispelled them. Uncle Sam was giving notice to the world that he would not sit idly by and see China torn by civil war and foreign intrigue.

Nor was the point lost that this action followed in the wake of a rumour claiming that Soviet Marshal Malinovsky had presented Chungking with a set of 26 demands (later reduced to 16), which would virtually make Manchuria a Sino-Soviet 'condominium', this going beyond the scope of the recent Sino-Soviet accord.

Piecing these events into a composite picture, American efforts to build up a permanent line delimiting U.S. commitments in the Orient, become evident. This is a long term view of the situation because the elimination of Japan as the dominant power in this part of the world has left a vacuum wherein the Big Three are grappling for control. Clearly, China is unable at present to extend sovereignty over her extensive domains.

At the Cairo conference in 1943, the U.S., Britain and China agreed that China should be restored to her boundaries of 1895, with Korea as an independent state. This would have resulted in China becoming a strong, stable power which would stabilize conditions in the Orient and help maintain the balance of power. However, with the growth of Communist power in China, and the desire of Russia for a more dominant role in Asiatic affairs, certain concessions had to be made which weakened the power of the Chiang regime and prevented the consolidation of power in China. Among the concessions made by the Chinese were the cessation of Outer Mongolia to the Soviet Union, the Sino-Soviet condominium over the Laotung peninsula and the division of Korea into Russian and U.S. zones. These arrangements have undermined the Cairo accord and caused instability in the Far East. The steadily increasing power of the Yenan regime has further aggravated an already difficult situation, and has had the effect of making China a political vacuum. So long as this state of affairs continues there can be no permanent peace in the Orient.

It is to remedy this situation that America desires to bring about the consolidation of China. Recent steps taken by Washington indicate that the United States aims at establishing in the Orient certain lines of demarcation, similar to those in Europe, so that some semblance of order can be brought out of the present fluid state of affairs. At the present time there is no way of telling where the interests of the various powers stop. In Europe the line of demarcation has had the effect of stabilizing conditions, with Russia dominant in the east, and the U.S. and Britain dominant in the west. Each has adopted a 'hands off' policy in the zone of the other and thus friction has been reduced. When Yugoslavia, a member of the 'Eastern Bloc', attempted to seize possession of Trieste, the western powers speedily showed that they would not allow trespassing in their zone. Yugoslavia withdrew and so ended the 'Trieste Incident'. Thus stability has been brought for the time being in Europe. Had conditions there been as fluid as they are in China, there would have been great repercussions following the breakdown of the three Foreign Ministers' conference in London. As it was, the deadlock in the negotiations caused hardly a ripple. The U.S. now aims at creating in the Far East a similar line of demarcation which will delimit the interests of the powers and bring about stability.

Only when when these demarca-

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military authorities by students of the four universities and 25 other schools in the city. Students chalked slogans calling for cessation of fighting on walls throughout the city and paraded through the streets, distributing handbills urging soldiers not to fight and calling upon businessmen to close their shops in a sympathy strike.

The following day, Kunming papers failed to carry an accurate report of the shooting, publishing instead a Central News Agency story which described the shooting as a "running battle between the local garrison and a gang of armed bandits who attempted to rob some houses beyond the city's west gate." The soldiers were compelled to fire at the bandits in order to disperse them, the story said. This story aroused considerable public comment and the students demanded that Central News issue a correction and apology.

Interesting to note also were two advertisements inserted in the Kunming edition of the Army newspaper, Sao Tang Pao, by an "Anti-Strike Committee of Local Students" in which students were requested to furnish information to the military and government authorities regarding the activities of student strikers so that proper measures could be taken by the authorities to curb such "subversive activity."

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tion lines have been fixed will it be possible to frame a permanent policy in place of the present makeshift one. Washington has come to the conclusion that, left to their own devices, the Chinese cannot at present solve the immediate problem of re-establishing their sovereignty over the entire country, and that if a vacuum exists then there must be a guarantee that no third power will take advantage of the chaos and impose its political control over parts of the country. Thus the United States has stepped into the breach in an effort to give cohesion to Chungking's policy of uniting the country. Ambassador Hurley's charges that interested groups were opposed to China's unification and that they aimed at "keeping China divided against herself," is proof enough that certain powers and groups, notably Russia, desire that no stability be brought about in the Chinese vacuum.

Up to the time of writing, there has as yet been no confirmation of the report that U.S. ships were being used to convoy Chinese Nationalist troops to the South Manchurian port of Hulatao. Should such confirmation be forthcoming it would indicate that the U.S. considers Manchuria within her zone of vital interests, where Chinese sovereignty must be maintained at all costs.

All in all then, the recent stiffening of U.S. policy in China markedly demonstrates that Washington views a friendly, united China as vital for maintaining American power in the Pacific. With victory won from the Japanese, America is determined that she shall not lose the peace. If Okinawa and Iwo Jima are the advanced bases of the United States in the Western Pacific, then China is its flank protection and a beachhead on the continent. Once China were to fall into enemy hands, the U.S. maritime bases might well lose their strategic importance or be militarily neutralized. This Washington seems determined to prevent.

On the other hand, Russia is determined that she shall, in the years to come, play a decisive role in Far Eastern affairs. Stalin's message on Red Navy Day urging that Russia build a navy second to none, the occupation of the Kurile islands by the Russians and the desire of the Soviets to station an occupation army in Japan can only be interpreted as a manifestation of the growing ambitions of the Soviet Union in this hemisphere. Russia desires to turn back the clock to before the Russo-Japanese war of 1904-5 and so regain her dominant position in the northern Pacific.

Clearly that leaves Washington and Moscow as the chief contenders to fill the Chinese vacuum unless China can unify herself and become an independent unit in maintaining the balance of power. In which direction the future will tend to move remains to be seen. At the present time it would appear that America still has hopes of building China into a strong bulwark of Pacific peace. However, there are three main views presently being expressed: One—"Next thing you know, Moscow will have appointed Marshal Voroshilov as its Ambassador to Yenan. Then the ball will start rolling"; two—"The appointment of a top-ranking U.S. official as Ambassador shows that the U.S. is determined that no halfway measures be adopted to solve the pressing problem. Marshall was appointed because he has enough power to act independently and we can expect a vigorous and independent policy from him; Three—"Marshall's appointment is the last attempt at solving the Chinese puzzle. If a five-star general can't find a solution, then no diplomat ever will. In that case Washington will either come to terms with the Chinese Reds, or scrap its whole China policy and bail out."

What the outcome of Gen. Marshall's special mission will be, only time can tell. Perhaps the best way of describing America's attitude to China is to compare it to that of the jealous groom to the bartered bride:—"If I can't have her, neither will anyone else."

We still don't know where America's first line of defence in the Far East is. Is it on the Amur? Or is it at the Great Wall or on the Yangtze? But one thing is certain —that first line of defence is somewhere in China.

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CHINA WEEKLY REVIEW

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Students Protest Kunming Killings

THE Kunming Students' strike assumed nation-wide importance this week as repercussions from the killing of four students mounted. (For eyewitness account of strike see page 38). On Thursday, Generalissimo Chiang removed the Kunming garrison commander, General Kwan Ling-cheng and ordered him to stand by for punnishment. Meanwhile, the Generalissimo urged the students and professors to end their strike, saying that justice would be meted out impartially, and Education Minister Chu Chia-hua promised compensation to the families of the slain students.

The death of the four students apparently occurred on the night of December 1 when Kunming garrison troops surrounded a mass meeting at the Lienta campus, where students and professors were making speeches advocating the cessation of civil war and the formation of a coalition government.

Early Chungking reports claimed that a communist-hired agent had tossed the grenades in an effort to "embarrass" the Central Government, but later dispatches indicated that the blame rested squarely with the Central Government's Kunming military commanders.

Immediately following the killing of the students, 200 university professors in Kunming began a week-long strike to mourn their death, while in a few days the movement spread to all student bodies in West China, with students in Chungking, Chengtu and elsewhere staging parades and mass meetings at which the student "martyrs" were mourned and the government criticized. Speeches condemning the government in general and the "special service section" in particular were made and newspapers, handbills and slogans were pasted on the walls of cities thoughout the interior

In Chungking the memorial meetings raised CNC$1,000,000 for the families of the slain students, while in Kunming officials did their best to pacify students and professors, with Yunnan's Governor Lu Han and Vice-Minister of Education Chu Ching-lung visiting the wounded students in hospitals, passing out candies and cookies.

In his message to the students and professors, the Generalissimo said: "I am making an impartial decision on the latest unfortunate event. I will not be swayed by bias and will not hesitate to punish those in the wrong."

While informed circles in Chungking predicted the removal of additional personnel, the People's Political Council urged "severe punishment" for those responsible because it was necessary to "uphold the law of humanity.'"

Popularity Of American Notes In Shanghai Said Temporary

By JOHN AHLERS

FOREIGNERS in Shanghai, and Chinese doing business here with foreigners, for the past four months have approached currency matters as if China were on a double monetary standard, with the US and the CN dollars as alternate currencies. The rate of exchange between the two governed preference for the one or the other. Whenever the CN dollar rate for the greenback moved up, price quotations were made in, or upon the basis of the rising American dollar; whenever that rate went the other way and CN currency appreciated, business quickly deserted the American dollar to quote CN dollars instead. From the reopening of the Shanghai branch offices of the American and British banks this week, and the hoped-for resumption of free foreign-exchange dealings with foreign countries, Shanghai business seems to expect a perpetuation of the circumstances which, for many business men, made US and CN dollars practically two currency alternatives at the choice and convenience of the business world.

Yet the recent eminence of the American dollar note in Shanghai business is a transient phenomenon a one-time feature characteristic of the present peculiar situation, and unlikely to last. The American dollar is an alien here, and will always remain so. Chinese national currency is the country's genuine money, and it has come back to Shanghai to stay. If necessary, the government will take measures to enforce China's newly won sovereignty equally in the field of currency and finance. Just as no modern country can safely tolerate infringements of its political sovereignty, so no country can safely allow the substitution by residents within its own borders of an alien money for the national currency.

Prior to World War II, the American dollar note circulated in Shanghai only in small amounts, and was traded at a discount against telegraphic transfer on New York. Greenbacks came here in the hands of American travellers and sailors, and went away with them. Except for small amounts of stock-in-trade in exchange shops, Chinese did not hold U.S. dollar notes. British Pound Sterling and Hongkong dollar notes were far more popular with the Chinese, especially since the bulk of China's foreign trade up to 1939 was financed in Sterling Bloc currencies. It was only after the outbreak of World War II which forced Great Britain into foreign-exchange control and made free Sterling drop to less than half its pre-war value, and which terminated the preponderance of London in the Far Eastern currency field, that the American dollar came to the fore.

The U.S. dollar vogue which started in Shanghai only in the autumn of 1939 was for telegraphic transfer. Even then, little interest was taken in U.S. dollar notes. The latter came into the foreground only after July, 1941, when the Washington administration froze Chinese and Japanese accounts in the United States. After that checks and drafts against such frozen accounts have been at a discount against notes, because the checks and drafts must pass a permit system before they can be paid, while notes may be transferred back to the U.S.A. without this obstacle, especially when passed through Latin America. It was in the late summer and the autumn of 1941, shortly before the start of the War in the Pacific, that Shanghai big business for the first time showed an interest in U.S. dollar notes, and that Chinese and foreign business men began to consider the holding of large amounts of American dollar notes as a serious proposition.

After December 8, 1941, greenbacks for a time were less popular than ever. For half a year, the Japanese did not even take the trouble to interfere with the petty U.S. dollar trade of the small exchange shops. June, 1942, saw CRB$10 (now: CRB$200,000 odd) of Nanking puppet currency exchange for US$1. Shanghai business then did not want any large amounts of any belligerent currency; the general preference was for gold bars. Metal-money-minded Shanghai believed in the supposed "intrinsic" value of gold as both a means of exchange and a store of value, and over-valued gold heavily as compared with American dollars. On the eve of the Allied descent upon Sicily, in February, 1944, the Shanghai gold and exchange markets quoted US$1000 for a 10 oz. bar of gold worth but US$350 in the United States.

Subsequently, the US dollar note in Shanghai staged a comeback. In early June, 1944, on the eve of the Allied landing in Normandy, the Shanghai rate for gold bars worked out at around US$800, and there it stayed until the eve of the downfall of Japan. It was but late in July, 1945, that US dollars strengthened again, and the gold-greenback cross-rate dropped below US$800. On the announcement of Japan's preparedness to surrender the rate became US$700, and in the second half of August it dived to less than US$400. Then came the liberation of Shanghai and the influx of many thousands of American Servicemen, their pockets filled with American dollar notes representing months of back pay, and after the deprivations of onetime Free China, all set to embark upon a generous spending spree.

The rain of US currency notes which descended upon Shanghai from the beginning of September, and which increased throughout October and November, multiplied the supply of these notes in China's biggest business center. In August, under the Japanese, it had been difficult to buy a mere thousand US dollars all at once; in November, transactions in tens of thousands of US dollars in cash notes were nothing remarkable. The spending Americans, for many weeks, hardly looked at Shanghai price quotations, bought and consumed recklessly, inflated the supply of their currency and deflated that of commodities. Another thing: Shanghai business men holding or acquiring US dollar notes became generally aware that such notes outside the United States were not on par with notes inside the U.S.A. since there are still some difficulties in repatriating such notes.

All the above factors once more reversed the trend in Shanghai quotations for US dollar notes: gold for the past two months firmed up again against the greenback, and since the middle of November the 10 oz. bar of gold has been traded at around US$600, instead of US$350 in the United States. Rumors of an allegedly impending depreciation of US dollars through an increase in the US Treasury's buying price for gold have come and gone, but the US$600 cross-rate was maintained. During the last few weeks of sharp appreciation of Chinese national currency, when CN quotations for both gold bars and U.S. dollars precipitately declined, U.S. dollars led the way down.

The American dollar note in Shanghai, then, as a means of circulation upon a substantial scale is a mere wartime feature. Its popularity dates from the depreciation of Japanese-sponsored puppet currency, and is temporarily supported by the mass movement of evacuating American service men through Shanghai. The American dollar note here has not been a stable measure or store of value; within the past three years, gold has been rated at prices varying from US$40 to US$100 per ounce. Current quotations for American dollars fail to reflect international exchange relations: some US$600 for the 10 oz. gold bar is obviously vastly overdone, i.e., against gold American dollars are undervalued.

Within the next few months, with the completion of American evacuation from China, and with the normalization of China's economic and financial conditions allowing for greater stability of China's national currency, the US dollar note is likely to decrease in importance here. Gradually, greenbacks are likely to all but vanish, except in occasional transactions with a few travellers and sailors. The American dollar which will preponderate in the financing of China's future international intercourse will not be the U.S. dollar note, but telegraphic transfer upon New York, as handled by the regular banks under direction of the Central Bank of China. The U.S. note market is moribund.

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Who's Who in China

GENERAL TANG EN-PO, Commander 3rd Directional Army and concurrently garrison commander for Nanking-Shanghai area. Born at Wuyi, Chekiang, 1899: Graduate of Japan

General Tang En-po
湯恩伯

Military College; participated in Nationalist Northern Expedition and the anti-communist campaigns; Took prominent part in resistance campaign against Japanese, fighting in battles of Nankow Pass, Taierchwang, defense of Wuhan, northern Hupeh and southern Honan and the recapture of Liuchow and Kweilin; at outbreak Sino-Japanese War he was appointed Dean of Guerrilla Warfare Training School at Nanyao (Hengyang); appointed Commander-in-Chief for Kweichow-Hunan Border Areas when Japanese drove south through Kwangsi and into southern Kweichow in summer of 1944; as commander of 3rd Directional Army in summer of 1945, he was preparing to launch all-out counter-offensive; accepted surrender of Japanese in Shanghai-Nanking area; elected standing member of Central Standing Committee, 1945; member of Kuomintang; address: The Third Directional Army Headquarters, Wusih.

Young Pianists Again Perform Here

By Margaret Pure

George Vlachos, 7 year-old pianist, and his two sisters, Madeline, 9 years old, and Sophie, 11 years old, entertained U.S. Armed forces members and other guests last Wednesday at the Grand Theater with a piano recital.

The young artists displayed their usual musical ability and personal self-possession. George played with poise and sound musicianship, while Sophie rendered her numbers with a fine and soft touch. Madeline played with accuracy of tone and her number was vivified by the subtly communicated rythmic pulsation, producing especially graceful results.

George played two compositions of his own, "Victory Day," which was dedicated to the late President Roosevelt and other Allied war leaders, and "To My Mother." He preceded these numbers with a short speech in Chinese and English, explaining his compositions to the audience.

The audience appeared well pleased with the program as the children held their attention throughout the entire 11-number program, which closed with the national anthems of China, America, Britain, Russia, France and Greece.

NEWS OF THE WEEK

Britain, Others Get U.S. Loans

THE United States moved into the international loan business this week with the granting of the long-negotiated US$4,400,000,000 loan to Great Britain and with the making of several other smaller grants.

Most important, both in financial magnitude and in political importance, was the British loan, which was made after exhaustive conferences between British and American representatives in Washington. The arguments mainly had resolved around America's desire that Britain reduce trade restrictions, especially in relation to the so-called sterling bloc, and Britain's desire to retain as strong a hold as possible over world economic interchange through her sterling bloc arrangements. The loan is repayable at 2 percent over a period of 50 years beginning five years from the date of the loan.

On December 5 it was announced from Paris that a new Franco-American loan agreement had been signed whereby the United States will advance France US$55,000,000. While compared to the British loan this is a negligible figure, the Paris announcement further said that talks would shortly begin in the United States regarding the financing of French purchases in America during 1946 and 1947. A French spokesman flatly denied that there were any political overtones to the loan, saying that it had been made on a strictly economic basis.

Meanwhile, the government-owned Export-Import Bank, which probably will become the chief American Government organ to handle future international loans, announced in Washington the granting of a US$20,000,000 loan to Mexico. The loan, available to Mexico anytime before June 30, 1948, is to be repaid in 40 semi-annual installments and bears 4 percent interest.

Aside from the British loan, perhaps the biggest financial news of the week was that Russia, assuming that the British loan has set a precedent, will ask for a US$6,000,000,000 loan. Although the subject of an American loan to Russia has been aired before and usually met with denials both from Washington and Moscow, it seemed this time that there actually was something in the wind.

Moscow observers pointed out that Russia undoubtedly would welcome financial assistance but is remaining quiet so as not to seem too anxious, apparently feeling that by such action she might get better terms. Further, Moscow is reported leery of the kind of proposition Washington might offer, fearing that it would involve political and economic commitments which Russia might not feel free to make.

It is felt now, however, that since the decks have been cleared by the British loan, the subject will come up in Washington. A Reuter correspondent this week reported that the members of a United States economic policy committee, who recently visited Russia, broached the subject of credits to Generalissimo Stalin and that Stalin was "most interested."

At the time this committee was in Moscow a figure of US$3,500,000,000 was mentioned, but latest advices from Washington indicate the figure to be discussed will be closer to the six billion mark.

Trial Date Set For Jap War Criminals

The trial of Japanese war criminals moved several steps further this week with the sentencing to death by hanging of Lt. Gen. Tomoyuki Yamashita, famed "Tiger of Malaya." At week's end the date of his execution had not yet been set because of the failure of the U.S. Supreme Court to take action. Military authorities had predicted that the court would refuse to hear Yamashita's appeal and the court's failure to act, so far came as a surprise and has delayed his execution.

Of equal importance this week was General MacArthur's ordering the arrest of Prince Fumimaro Konoye, Marquis Koichi Kido and seven other high-ranking Japanese. Konoye, thrice premier, is well-known as one of the youngest of Japan's "elder statesmen," while Kido was Lord Keeper of the Privy Seal until the office was abolished a few days ago.

Meanwhile, stories from the Pacific of more Japanese charged with specific atrocities were reported. Foremost Japanese scheduled to face trial soon is General Masaharu Homma, who will be charged with responsibility of several infamous "death marches," including the "Death March from Bataan" following the fall of Bataan and Corregidor.

Reports from Kwajalein told of the reading into court records admissions of three Japanese that they summarily executed three American airmen on Jaluit Atoll, while from Morotai six Japanese were found guilty of murdering Allied airmen in Talaud.

Although it was not clear just where MacArthur's axe would fall next or how much farther investigations and arrests would go, it was plainly evident that a lot more Japanese will be brought to trial as war criminals. On December 5, Hugh Baillie, president of the United Press Associations, told the Overseas Press Club in New York that suspects in Japan totaled approximately 2000. On December 10, General MacArthur ordered the arrest of 60 more Japanese accused of atrocities.

Earlier in the week MacArthur's headquarters announced that the first war trials would begin on December 17 at Yokohama. These first trials will be for the approximately 300 Japanese military and civilian personnel accused of performing atrocities against American prisoners of war.

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PEOPLE IN THE NEWS

MAJOR ROY P. McNAIR, Jr., Assistant American Military Attache in China, has been awarded the "Legion of Merit" medal, it was reported this week. Major McNair has been Assistant American Military Attache for the past few years and has traveled extensively in different parts of China.

LIN HUNG-HSUN, Vice-Minister of Communications, and other high-ranking officials of the Ministry will leave for Nanking shortly, it was reported this week.

FENG YU-CHEN and LO HSUEH-LIEN have been appointed representatives of the Central Publicity Ministry, it was learned here last week. Mr. Feng will be in charge of affairs relating to newspapers and publications while Mr. Lo will be entrusted with matters concerning motion pictures and dramas.

BENJAMIN H. KIZER, Director of UNRRA's China Office, arrived in Shanghai from Chungking on December 8. He was accompanied by 25 staff members from the Chungking Office. Mr. Kizer said that Shanghai would be the central office for UNRRA in China and that an office would be established in Nanking to carry on liaison activities with the UNRRA.

SECOND LT. JONATHAN STERNBERG, 26-year old medical corpsman of Brooklyn, N.Y., conducted Shanghai's symphony orchestra, it was reported last week.

LI TIEH-TSENG, Chinese Ambassador to Iran has been named by the Ministry of Foreign Affairs to head a Chinese mission to Siam, it was learned here last week.

JIAN H. CHEN, commissioner of the Finance Ministry, LIU KUN-YUN, chief of the Shanghai Area of the Alien Property Administration, and other prominent leaders of the local financial community called on the managements of the newly opened foreign banks in Shanghai to congratulate them on the re-opening after four years of forced suspension of business.

LIEUT. (JG) CHARLES E. PERRY, former professor of history at St. John's University, who was interned by the Japanese here from January 1943 until February of the same year when he was repatriated, is now assigned to Rear Admiral C. Turner Joy's staff on the Yangtze River Force.

GENERAL CHOU EN-LAI, communist leader, together with other representatives of the Chinese Communist Party will leave for Chungking soon, Yenan sources revealed last week.

GENERAL TU YU-MING flew to his headquarters this week, after he had ended his conference with the Generallissimo.

Key personnel appointments for the China Office of UNRRA and the UNRRA Shanghai regional office were announced this week. UNRRA headquarters in China will be in Shanghai under BENJAMIN KIZER. JAMES G. JOHNSON, JR., has been named Chief Executive Officer for UNRRA. Acting Director of UNRRA's Shanghai regional office will be KENDRIC N. MARSHALL, former Chief of the China branch of UNRRA headquarters in Washington, D. C. ERNEST T. NASH will continue in the capacity of Deputy Director of the UNRRA Shanghai Regional Office.

Accord Reached With Kazakhs

COMING the more unexpectedly after a deadlock had been reported, an agreement has been reached between the Kazakhs in Sinkiang Province, Inner Mongolia, and the Central Government. Some of the original Kazakh demands, according to earlier reports, included the election of all officials by the people, the use of Kazakh language in official documents and books, the Kazakh National Army with Kazakh officers must be recognized by the authorities, the Kazakhs must be granted freedom of press and speech, and broad participation in the provincial government, the development of indigenous art and culture should be encouraged, no restrictions are to be placed on trade, taxation is to be of a limited nature, no Kazakh leaders responsible for the recent fighting are to be punished and all Kazakh prisoners of war must be released. The present agreement is a modified form of the original demands, the Kazakhs having made a number of important concessions. The Kazakh "national army" is to be reorganized under officers appointed by the Central Government. All officials higher than magistrates are to be appointed by the Chinese Government, lower rank officials are to be elected by the people. As regards the most important question of trade control, the Government has reportedly offered the Kazakhs free trade within the province but control of Sinkiang's foreign trade which in the past has been mainly with the U.S.S.R. The latest reports received do not mention the manner in which this question has been settled. The negotiations were reportedly carried through with the aid of the Soviet Consul at Tihua. The agreement ends the recent unrest in Sinkiang by giving the Kazakhs a fair degree of autonomy.

DR. T. V. SOONG, President of the Executive Yuan, arrived here from Chungking to discuss important economic matters concerning the re-occupied areas. Dr. Soong shortly will leave for Nanking to attend to affairs in connection with the return of the Executive Yuan to the capital. The Shanghai Office of the President of the Executive Yuan will be dissolved as the Executive Yuan in Chungking is moving to Nanking shortly.

MESDAMES CHIANG KAI-SHEK, SUN YAT-SEN, and H. H. KUNG have suffered a bereavement with the death in Shanghai of MRS. KWEI-KYUNG NEW. Mrs. New was their aunt, having been the sister of their late mother.

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Chinese Puppets Nabbed By Govt.

IN mass arrests carried out both in in Tientsin and locally many high puppet officials were taken into custody. Over 300 collaborationists were nabbed in the North—in Tientsin and Peiping. Among those arrested: the "three Wangs"—Wang Keh-min, Wang Ying-tai and Wang Yi-tang—all former Chairmen of the "North China Political Affairs Commission;" Wang Shih-ching, Governor of the Federal Reserve Bank of China; Wen Yuan-mao, Director-General of Education; Wen Shih-chen, former Mayor of Tientsin; Chi Yu-tang, President of the Tientsin Chamber of Commerce and General Chi Hsieh-yuan, Tientsin's "Director-General of Public Security." It was reported that originally over 3000 names were on the traitor list but the Central Government reduced the number to slightly more than 400. Meanwhile, here in Shanghai reliable sources expect the trial of 102 puppet officials, nabbed here in the last days of September, to be held the middle of this month, the accused to face the judge in batches of 20. Some of the most prominent of the suspects, eight of whom surrendered voluntarily to the Third Army Zone Headquarters, include Chian Ta-kwei, Assistant Managing-Director of the Central Reserve Bank; Pan Ta, former head of the Western District Police Force and later head of the Secret Police of the puppet regime; Chang Kyo-yuan, president of the "Executive Yuan"; Wu Sung-kao, former secretary-general of the Shanghai Municipality and later "Minister" of Justice; Tang Hai-an the owner of Hai Alai; Wen Len-ting, head of the "Shanghai Chamber of Commerce"; Ling Kang-hou, member of the "Trade Control Board"; Tang Leang-li, Foreign Information Bureau spokesman of the "Ministry" of Foreign Affairs. Others include Cheng Jung-nien, Managing Director of the Central China Railway Syndicate; Hsia Hsiah-chu, chairman of the anti-British American Association; Yuan Li-tung, Chairman of the "National Trade Control Board"; Wang Yung-kang, a gambling magnate; Tsai Pei, "Ambassador" to Japan; Tao Chun-li, Commissioner of the Japanese Shanghai City Gendarmerie Headquarters and others.

The Soviet authorities in Moscow have restored strict censorship of outgoing news dispatches, according to reports from Moscow. The United Press Correspondent in Moscow, Henry Shapiro, stated that the Russian censors had entirely killed a dispatch in which he tried to report on the new censorship practice. Moscow correspondents reported just a month ago that censorship had been relaxed materially.

Martial law was declared in Canton, last week following stories of communist underground activities.

EVENTS IN BRIEF

BRITISH forces will be withdrawn from Indo-China in accordance with an agreement reached between Admiral Thierry d'Argenlieu, Governor-General of French Indo-China and Admiral Mountbatten, it was reported from London this week.

A total of 158 members of the Executive Yuan and subordinate organizations arrived in Nanking this week aboard four CNAC planes to resume work in the old capital. Most of the officials are personnel of the Ministry of Social Affairs, the China Relief and Rehabilitation Administration, and tne National Health Administration.

The China National Relief and Rehabilitation Administration has established a new office in Shanghai, known as the "Shanghai Office of the Head Office of CNRRA."

Sino-Russian negotiations for the air transport of Chinese troops to Changchun and the entry of ground forces into Mukden were approaching an amiable settlement, it was reported this week. General Tu Li-ming's forces were already within a short distance of Mukden, but were still waiting for the Russian go-ahead signal to continue their drive.

A considerable number of Japanese officers of the former Japanese army in China have joined the ranks of Chinese Communist troops, it was stated by the Japanese Vice-Minister of Demobilization in Tokyo last week.

Declaring that the long-term aim of the American policy in China was the development of a strong, united, and democratic China, Mr. James F. Byrnes, Secretary of State, stated in his testimony before the Senate Foreign Relations Committee last week that it was essential that the Central Government of China as well as the various dissident elements approach the settlement of their differences with a genuine willingness to compromise.

United States scientists have developed a new remote-control guided missile, it was reported from Washington last week.

Breaking up the Japanese feudal system, General Douglas MacArthur ordered the emancipation of the Japanese farmer this week by issuing a sweeping directive to the Japanese Government. Absentee ownership of land will be discontinued by a transfer of land to actual operators while the general lot of the hard—pressed Japanese farmers will be alleviated by a series of measures aimed at the extermination of the pernicious ills that have long blighted the agrarian structure of Japan.

A new super-atom smasher will be completed next summer at the University of California, according to Professor Ernest D. Lawrence, famous atomic expert, who said last week that a new realm of atom would be opened when the new super-cyclotron will start operations. The new research results are likely to revolutionize biology, medicine, chemistry, and agriculture, the scientist added.

Ten Filipinos were arrested here last week on suspicion of collaborationist activities by agents of the Criminal Investigation Division of the U.S. Army. The suspects, now being in Army custody, are: Conrado Uy, Vicente Casino, Jose Contreras, Juan Tria, Claro Asuncion, A. Y. Celis, A. Orden, V. D. Alobog, Jose Alindada, better known as Don Jose, and F. Samper. They are alleged to have been members of the Jap-sponsored Filipino Association and were active in Anti-American propaganda work. They are reputed to have pledged allegiance to the Japanese cause as well as the puppet Filipino government of Jorge Vargas.

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BUSINESS FOOT-NOTES

JIMMIE Marcus, well-known New York businessman, stated last week that he was going to import a large quantity of raw materials from China via Pan-American Airways Clippers.

Three American and two British banks opened here at the beginning of this week. For the time being, banking activities are somewhat restricted since no savings accounts are being opened while exchange business is also waiting for an official announcement of the U.S. dollar and Chinese National dollar rate. The banks to resume domestic banking business here were: the National City Bank of New York, the Chase National Bank, the Underwriters Bank for the Far East, the Chartered Bank of India, Australia and China, and the Hongkong & Shanghai Banking Corporation.

Predicting a revolutionary change in Chinese office routine and publishing business, Mr. Lin Yu-tang, well-known Chinese writer, declared in New York last week that a new Chinese typewriter had been perfected that could be used as easily as an English typewriter by anyone acquainted with the Chinese language. The new machine will be ready for production within a few months.

Official pegging of the sterling-U.S. dollar rate of exchange was expected in London to be announced soon as an outcome of the Washington conference. The present sterling-U.S. dollar rate of exchange of 4.02½ to 4.03½ would be retained, it was further reported, as the initial rate at which sterling would be stabilized under the Bretton Woods plan.

Mr. O. K. Yui, Chinese Minister of Finance stated last week in connection with the recent announcement of the American Treasury Department concerning the relaxation of the freezing controls that the Chinese Government had indicated to the American Treasury Department the desire that China be included with other members of the United Nations with respect of which current transactions be freed, but existing blocked assets in the United States, together with income thereon, would remain blocked. The new American general license, which became effective on December 7, 1945, embodies this principle with respect to China.

Shipping coal from Lienyun and Chinwangtao to Shanghai to relieve the coal shortage here, the Fuel Control Board is doing its bit to assist in the economic reconstruction of Shanghai. Rehabilitation plans for the coal mines in Kiangsu and Anhwei have been carried out after the re-possession of the mines by representatives of the Social Commissioner of the Economic Affairs Ministry. It was further learned that the Huainan coal mine can now produce 1000 tons of coal daily.

The Department of Commerce reported that U.S. exports for the first seven months of 1945 dropped to US$6,585,000,000, showing a decrease of 23 percent as compared with the same period in 1944.

Representatives of the United States Department of Commerce stated last week that trade with the Far East is staging a come-back as rapidly as can be expected.

In order to cope with the inflow of goods urgently needed for the services and rehabilitation of the colony, the Singapore Harbor Board is rushing repair work for the port, it was reported this week. Transit ships, of which 75 percent were destroyed, are being repaired at top speed. It was further learned that the Harbor Board has taken over the Naval Dockyards from the Royal Navy.

American occupation forces would not give priority consideration to the restoration of the Japanese silk industry, it was reported from Tokyo this week. Only after the immediate needs of the Japanese people have been met, will the question of silk manufacture be taken up in order to see how this industry may contribute reparations, it was learned from the same sources.

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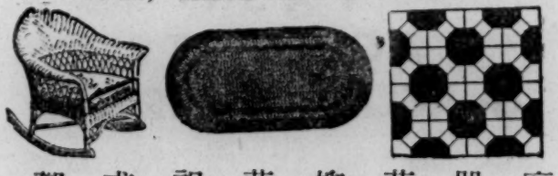

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Foreign Banks Here Reopen

WITH the re-opening of the foreign banks here, a technical basis has been created upon which the future structure of China's foreign trade may be erected. The absence of foreign exchange business, however, renders foreign banking here a mere formal affair until such time as the Chinese Government, together with the foreign Governments involved, has come to some agreement as to the fundamentals of foreign trade.

American bank managements have started the liquidation of U.S. dollar accounts which were in existence prior to the Japanese occupation, and give their customers drafts on New York made out to their own order, while British banks here have cabled to their head offices for instructions concerning sterling accounts.

Speaking generally, one gathers the impression that the question topmost in the minds of local businessmen concerns the resumption of foreign trade with many inept opinions still circulating.

Above all, stabilization is often being discussed only from the importer's point of view. Naturally, an importer here wants to get the most he can for the Chinese dollar. On the other hand, the local exporter can do business only if the American importer finds the deal worth while, and the present fancy prices quoted on the local market for various commodities make it highly improbable that any export business could be done on the basis of the present U.S. dollar-Chinese national dollar rate.

Furthermore, most people seem to overlook the threadbare fact that, after all, imports have to be paid for by exports unless the country is a creditor country, previously having exported capital to other countries. Levelheaded businessmen, therefore, think that for the time being the rate should be allowed to find its own level. If such a level should materialize after the lapse of a few months, then the question of stabilization might be approached from a rational point of view. Stabilization, moreover, or the pegging of exchange involves usually the creation of exchange reserve funds destined to bolster the rate against all attacks from the bad speculators unless a course of watertight trade control be chosen with all attendant evils of government directed economic activities.

The questions involved, therefore, are fundamental problems of a very far-reaching nature, and it is doubtful whether a clear course of action has been decided upon on the part of the authorities concerned. Every day, however, which is lost by the muddling-through-policy of the financial pundits deprives the local businessman of the much-needed opportunity of re-entering the world market.

Shanghai Market Continues To Decline; Closes Weak

(Report For Week Ending Dec. 8)

CONTINUING the weak tendency exhibited during the previous week, practically all markets registered heavy declines. Even government bonds, although ruling quite steady, closed slightly lower in price than last Saturday. By analysing the percentage of declines, we find that the biggest losses were with such items as rice, cloth, U.S. currency and some Chinese shares, amounting to something like 20% lower in comparison with prices prevailing the previous week. As the downward movement seems to be assuming alarming proportions, let us list here the week-end quotations together with those of last week in order to show the extent of decline within a week.

	Last week average	*This week-end quotations*
Rice (1st quality)	$8500	$7000
Edible Oil	22,500	19,000
Cotton yarn	655,000	520,000
Cloth (Indenthrine)	56,800	61,000
Cigarrettes	72,500	61,000
Gold bars	790,000	675,000
Consolidated bonds (c)	560	545
Hongkong dollars (1930)	—	210
Wing On Textile	570	465
Wing On Co.	440	360
Mayar Silk	350	270
Ewo Cotton	1600	1400
Wheelock	4500	3500
Metal Industries	500	420

Whether the bottom of the market has been reached or not will depend on future political and economic developments. Beginning on November 22, the downward trend has now lasted more than two weeks. On the basis of normal market behavior, an upward reaction should now be due; but anything might happen these days to upset market psychology. The big news of the week, in the international field, was the signing of the Anglo-American Loan Agreement. The total amount of the loan is US$44,000,000,000 with interest at 2% per annum, payable in 50 years, beginning December, 1951. The signing of the agreement means that Great Britain is going to ratify the Bretton Woods Monetary Agreement, the dead line of which is December 31, 1945. One of the conditions for the loan is the removal of excessive tariff barriers, thus to usher in a period of 'free trade'. Another understanding is that the Sterling dollar rate of 4.02½ to 4.03½ be retained as the initial rate to be stabilized under the Bretton Woods Plan. That is to say, the power to vary the rate between the limits of 3.36 to 4.43 at the government's discretion originally accorded to the British government will be temporarily suspended. Since China has already ratified the Bretton Woods Agreement, and since her foreign trade will be mainly with the Anglo-American countries, China's monetary and trade policy must of necessity fall in line with that of America and England. Reasoning in this vein, the natural conclusion is that our currency will probably be stabilized very soon; and in confirmity with the spirit of the Bretton Woods Agreement, the rate of stabilization (possibly with high and low limits as in the case of Great Britain) will be chosen with an eye to prevent unnessary inflation or devaluation. Other good news of far-reaching importance are the re-opening of British and American banks in Hongkong and Shanghai and the actual issue of foreign exchange rates by the Hongkong banks. The reported exchange quotations are as follows;

U.S. dollars	@4.03	Hkg. currency
C.N.C. 10,000	415	—
Gold bar 1 tael	345	—

If the above rates are actual, rather than nominal, the local rates should be $830,800 for gold bars and $962.20 for U.S. dollars, and at black market Hongkong dollar basis (i.e. 200) the rates should work out as $694,000 and $806 respectively. When compared with the actual local rates of $675,000 and 1090, gold bars seem to be somewhat under-priced, while U.S. dollars, slightly over.

Academically speaking (perhaps practically too), the present trend in the local markets could be regarded as one phase of the readjustment of international prices, or, more specificially the readjustment of prices of international goods. In the past, this readjustment was impossible on account of the war. Now, with the restoration of international communications, the increasing arrival of imported goods and the lifting of exchange and other trade restirctions, the process of readjustment is making big strides and its pace will be further accelerated as time goes on. The present market tendency clearly indicates that our price level has been and still is too high. Even under the difficult conditions, now prevailing many things could be imported more cheaply than they can be produced at home. On account of our high price level, even staple export articles can not easily find foreign buyers in spite of the benefits arising from the exchange depreciation enjoyed by the exporters. It is said that our price level has gone up at least 1000 times while foreign exchange rates have gone up only 300 times. In other words, our dollar commands a higher purchasing power in relation to foreign exchange (and indirectly to foreign goods) than to commodities and services at home. That is why it is economical to import and difficult to export. To find an equilibrium, we have either to raise the exchange ratio towards the level of prices, or to reduce prices towards the exchange level. There are, of course, pros and cons for either course of action, although the former seems to be more consolant with modern monetary theory. In the absence of definite data concerning government finance, it is impossible to say which would be the wiser policy. However, business men as a whole would most probably welcome the raising of the exchange ratio than the reduction of prices in that high exchange, in addition to its encouraging effect on exports, would provide home manufacturers a measure of protection against foreign competition similar to that of a protective tariff system.

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Profitable Future Seen For Dyeing, Finishing Industry

By BEN Y. LEE

ONE of China's most urgent needs from abroad is equipment for her dyeing and finishing industry. It is estimated that each person in China requires 30 yards of cloth per year and China's ancient, war-ravaged factories can hope to supply but a fraction of the need.

Until 1936 the dyeing and finishing industry in China was making rapid strides. Customs figures show that imports of so-called "coolie cloth" were rapidly falling off. This was accomplished in a little more than two decades and indicates what Chinese industry can do today if given proper encouragement and opportunity. It is estimated that there are 500 dyeing and finishing plants in China, 300 of them being in Shanghai. Those located in Shanghai vary greatly both in type of machinery and in capital, with investment running from CNC$5000 to CNC$2,000,000 in 1936. The largest and most modern plants located in Shanghai are the China A.B.C. Underwear Weaving and Dyeing Mill, the China Dyeing Works, the Dah Hwa Dyeing and Finishing Co. (subsidary of Wing On Cotton Mills), the Cheng Chang Dyeing and Finishing Works, the China Dyeing, Printing and Finishing Co., the Cheeming Dyeing and Weaving Works, the Shanghai Dyeing and Finishing Works (Kwang Chung Co.), and the Hong Chang Cotton Spinning, Weaving and Dyeing Mill.

Chinese produced cloth is not of sufficient quality to compete with imported cloths, but it has one cardinal virtue: it is cheap. Between 1930 and 1937 exceptional prosperity was enjoyed by the Chinese factories and scores of new dyeing and finishing concerns were established in interior industrial centers. Before 1915 China imported all of her cotton piecegoods, mainly from Britain and Japan, but by 1930 she was nearly self-sufficient in the production of the coarser goods.

This rapid development of the industry resulted in heavy imports of dyestuffs. The accompanying chart shows the value of aniline and coal tar dyes imported during the last two years for which figures are available.

Country	1933 CNC$	1934 CNC$
Germany	3,422,456	2,800,000
Japan	165,588	382,820
U.S.A.	707,757	615,350
Others	5,617,350	5,258,892
	10,003,160	9,057,062

Imports of artificial indigo during the same period were as follows:

	1933 CNC$	1934 CNC$
Germany	3,365,315	5,090,710
U.S.A.	717,777	1,176,797

The import of acetic acid and bleaching powder amounted to about CNC$2,000,000 each year, the trade being shared by Japan and Germany.

In general, imported piece goods are divided into three classes: grey, white or dyed, and finished.

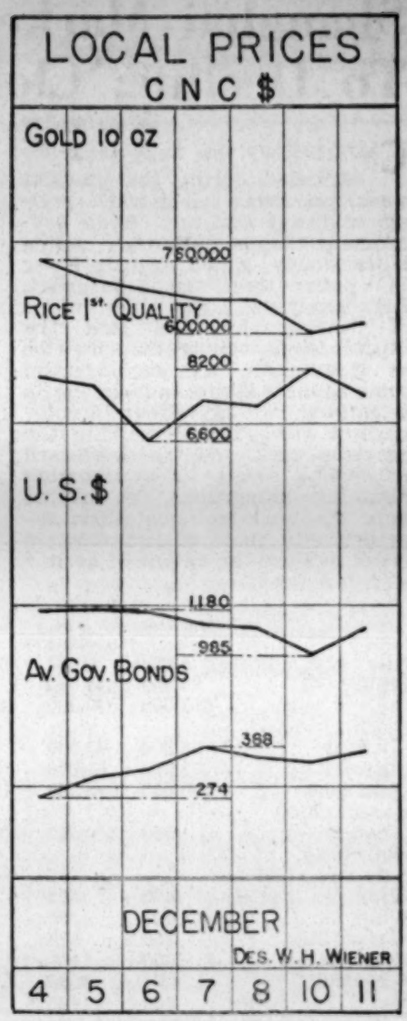
The following figures list the value of textile imports from 1921 to 1935:

1921	*HK Taels	208,662,426
1922		218,525,170
1923		173,520,111
1924		138,329,303
1925		134,347,283
1926		145,481,063
1927		160,923,740
1928		134,642,939
1929		138,980,229
1930		105,321,776
1931		87,278,968
1932		101,810,770
1933		51,816,796
1934		24,019,806
1935		25,687,322

The rapid development of the home industry is graphically illustrated by the foregoing figures which show imports in 1935 falling to approximately one-eighth of 1922's high mark.

Dyeing and finishing works and weaving sheds not attached to modern mills annually produce about 6,000,000 pieces of grey sheeting, thus making a total production in China of about 30,000,000 pieces, while dyed and finished piece goods number about 25,000,000 pieces.

**Beginning with March 16, 1930, the the Haikwan Tael was converted into Customs Gold Units at the rate of H.K. Tael one equal to 1.75 C.G.U. The average value of C.G.U. in Chinese Dollars fluctuated during 1930-1935 from about Chinese Dollars 1.40 to approximately 2.00.*



Local Prices

During the period under review the gold and U.S. dollar rates followed a downward trend toward the end of which a slight firming up was registered. Rice and government bonds, on the other hand, displayed a firmer tendency. The drop of the U.S. dollar is an interesting phenomenon, frequently discussed by local businessmen. For the time being, when there is no official exchange rate in existence nor a resumption of foreign trade to be seen, the local U.S. dollar-Chinese dollar rate is an outcome of local conditions, and although a limited amount of U.S. dollar notes may be needed for foreign trade transactions, all such deals are of a clandestine nature and, naturally enough, rather limited in volume, so that they are not likely to determine the rate to a great extent.

With Germany and Japan no longer in the market to export, China will undoubtedly look to America.

It is hoped that American funds can be invested in new Chinese dyeing and finishing plants as well as American machinery and technology employed. This industry in the past has been an extremely profitable one and in the future should provide a good market for both Chinese and foreign investment, machinery and technology.

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NEW BOOKS OF INTEREST

Yenan vs. Chungking

THE CHALLENGE OF RED CHINA by Gunther Stein, 490 pp. Whittlesey House, New York 1945. US$3.50. Reviewed by Nathaniel Peffer in New York Times Magazine.

THE distinguishing characteristic of Communist China is not ideological or political or economical but psychological. There is something in Communist China that captures the imagination of all sorts and conditions of men. Emotional radicals, objective intellectuals, neutral correspondents, diplomatic officials, military officers hardly given to excessive sympathy for radicalism—regardless of occupation or class or previous attitudes and social convictions, they all come away from Yenan ardent defenders if not enthusiasts.

Gunther Stein is no exception. In fact, he underscores the rule. He appears to have got to the point where, if not actually willing to suspend critical faculties, he could not help feeling that too close an examination would be churlish. He was won, and his report glows.

Mr. Stein, it should be pointed out, is no ingenue. With a continental European economic training to begin with, he went out to the Far East as a correspondent for British newspapers. He was in Japan for a number of years and then went to China and stayed there five years, through the worst of the occupation.

He was one of half a dozen foreign correspondents who early in 1944 finally wrested from Chiang Kai-shek permission to visit the Communist region in the northwest, which until then had been shut off from all visitors by Chungking's blockade. They were escorted through the blockade by Chungking appointees, who so sedulously shepherded them and kept them under such close inspection that they arrived in Yenan predisposed to find something good, if only out of irritation with the other.

In Yenan, by contrast, there were no ostentatious welcomes, no stage-managed tours. They believed themselves to be free of movement—remember, these were men of considerable newspaper experience who could be expected to recognize a plant or a Potemkin exhibit—and certainly they got around, with or without escort, and talked to whomever they pleased.

Mr. Stein found it all good, and in this volume he reports his findings, concretely and in detail. This is, in fact, the most detailed report on Communist China since Edgar Snow's first visit to the area almost 10 years ago.

It is difficult to summarize. Most important appears to have been the personal element. The leaders of the Communists are men of exceptionally fine cut.

They have kept a human touch, in attitude at the opposite pole from the conventional Chinese official, whether the old-time mandarin or the contemporary Kuomintang functionary. It may be that Mao Tse-tung, the Communist leader, has been idealized, not only by Mr. Stein. But there must be something in a man if he is so easily and generally subject to idealization. Incidentally, Mao Tse-tung does not give any support to the convenient notion so glibly aired in this country: "Of course, the Chinese Communists aren't really Communists, you know, they're just rural reformers, something like our Populists, maybe not so radical." He made himself perfectly clear to Mr. Stein. He is a Marxist, and he believes in a Marxist system for China, but not right away. First there must be industrialization and democracy. Whether by democracy he means what Americans ordinarily mean by it or what Moscow means by it, is another question. But Mao Tse-tung presents himself to Americans under no false colors.

Next to the personal equation is the devoted and intelligent effort to raise the level of livelihood of the peasant peoples in the barren Northwest where the Communists have control. It is not only that they are no longer subject to gouging taxes, usurious interest and extortionate crop rents, but they are helped. They are taught—taught to tend their fields better, to choose their crops better and, most of all, to work together for the common good.

The peasant in Communist China is beginning to learn, and his lot is improving. He has confidence in his officialdom, in contrast with the rest of China, where the peasant is congenitally terrified of the official. In Communist China he is not exploited by his betters, whether officials or gentry. For him that is enough, more than his experience had taught him to hope for.

Further, there is the inculcation of patriotism. The population was organized for war against Japan—not dragooned, but won by a kind of educational appeal. The people were made to understand what the war was about. It paid; the whole countryside is a base for the Communist guerrillas.

Here arises the mooted point of the Communists' contribution to the war, and on this point Mr. Stein is satisfied that the Communists' claim is justified and that they have done most of the fighting. He cites some figures. The Communists report that they fought 23,000 engagements in 12 months from June, 1943, to June, 1944. This works out at 63 engagements per day and even allowing for the wide spread of the Communist guerillas, that makes a good deal of fighting, more than one is prepared to believe unless engagement means every exchange of shots between two men. And they say that they killed or wounded 511,434 Japanese since the beginning of the war. Measured against what we know or can estimate of the total number of Japanese troops in China, that leaves one more skeptical than Mr. Stein was. But it seems indisputable that the inhabitants of Communist China were more consciously and solidly behind the war than Chungking China was.

From one point Mr. Stein rather shies off or permits the Communists to shy off. He did ask Mao Tse-tung about the charge that the Chinese Communists were Communists first and then Chinese, and that, of course, could be answered easily. But it is not the question that should have been asked. What it is fair to ask is whether the first criterion for a Communist China would be Russia's foreign policy or China's own national interest. This is a question that Mr. Stein did not get Mao Tse-tung to meet.

What one gathers out of Mr. Stein's whole report is this: in Communist China there is an atmosphere of hope and promise. There is something of the atmosphere of the social settlement, but there is also something more. A current of fresh air appears to blow through Communist China, and those who come there from Chungking seem to find themselves suddenly breathing deeply again. It is this irrepressible contrast which explains the enthusiasm that all visitors to Yenan feel. It is unreasonable to believe that all such visitors, whatever their back-

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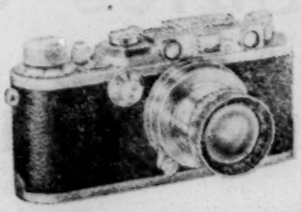

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ground, can be gulled, even by the subtlest propaganda. If they give Yenan the benefit of every doubt, it is because they are predisposed to do so.

It is not propaganda working in Yenan's favor, but the fact that all visitors to Yenan come from Chungking. Comparisons are inevitable, and Yenan is nearly all that Chungking is not. In Chungking these last few years there have been disillusionment, despondency, even disgust. The Chungking Chinese themselves, when talking privately, are without hope. (They may even be unreasonable: for much that is dark in Chungking no one can be blamed.) It is out of such an atmosphere that men come to Yenan, where there is work and faith and hope and public honesty and official concern for the people. There is a rebound, and they leave aglow and moved to testify.

Two Views of China

A CHINESE VILLAGE by Martin C. Yang, 275 pp. Columbia University Press, New York 1945. US$3.00.

FOREVER CHINA by Robert Payne, 573 pp. Dodd, Mead & Co., New York 1945. US$3.00.

Reviewed by Adrienne Koch in New York Times Magazine.

HERE are two books about China, written with an understanding rare in recent "interpretations" of that land. In the integrity of their different ways, they help to bridge the cultural gap between the fast converging worlds of East and West. The richer appreciation of Chinese emotions and life is afforded by the diary of Robert Payne, a young English journalist, who paints contemporary China with exuberant feeling, skill and a modicum of political prejudice; the sober and scientific dissection of Taitou, a small rural village in Shantung province, is the work of one of Taitou's native sons, Martin Yang,

Only on the foundation of books like these—patient area studies of life in China, or sensitive re-creations of its outer and inner landscape—can the American public begin to fathom the great Asiatic civilization whose destiny cannot be separate from our own.

Mr. Yang's practice of rural sociology, like charity, begins at home. In his detailed reconstruction of the daily habits of the villagers of Taitou he is mindful of the problems of his own people bound to traditional methods and superstitions. While he knows at first hand the progressive plans of the Kuomintang Government for rural reorganization and progress, he anticipates the realities of custom and outlook which will sorely try Chinese official tact and patience. The primitive drudgery of the farm routine he describes—raising wheat, millet, barley, soybean, corn, the despised sweet potato and peanuts, its bitter frugality—is a moral drama in itself.

Mr. Yang, in depicting the hardships of a community whose economic and social integration exceeds anything imaginable in an urban environment, understands that in such a society the individual is the victim of old forms—and, consequently, that education and invention will have uphill work in creating the individualism cherished by the modern Chinese.

The fact that the farmers are looking to the near-by market town of Hsinanchen and metropolitan Tsingtao, center of commerce, industry and transportation, has its effect upon sluggish custom.

The National Government, in its recently promised program of scientific farming, extension of cultivation, progressive land taxes and reduction of land rent, hopes to accelerate the normal rate of growth by capitalizing on its wartime experience and aiming at mechanization and intensified agricultural production. One should add, however, that the author is not content with at least one aspect of the government's overall rural program—the Pao-Chia system of social control, whereby every 100 families share collective responsibility for the violation of any individual member. Although he appreciates the need for greater security of life and property (which is the object of reintroducing Pao-Chia), Mr. Yang rightly observes that an effective rural community should extend beyond a village group to include the market town and all its surrounding agricultural villages.

In "Forever China" Robert Payne, who is not bound to the social scientist's literal "truth", pays homage to the beauty, the life, the fraternal love which he found wherever he traveled, whether in misty Chungking or in the isolated university campus at Peipei, and while he was teaching at the greatest of all Chinese universities, the National Southwest Associated University recorder of the "majesty of cloudland and riverland," the shadowy colors on the grass, the blacks and whites of dimly discerned figures on a road at night, Mr. Payne has touched and caught in clear, interwoven detail the remarkable stories of the people who throng the capitals and universities of China.

This journal was written during 1941 to 1944, and is thus partly a story of war.

The author's most impressive achievement is his sustained belief in the great power of China —a power sufficient to solve her gigantic problems of transportation, production and food without destroying the heritage of culture and philosophy.

Mr. Payne, who rejects "superlatives without understanding" about China, has the love and the patience to send his eyes, ears, imagination and reason to school, there to study the new "young" Chinese whom he adores for their fierce devotion to scholarship. In the epic transplanting of the bombed-out Chinese universities to new sites in the interior he sees a revival of the original spirit of the old authentic scholars and patriots, Taoist and Buddhist priests, and since he has learned so much about the Chinese (and has become, for a young Westerner, admirably informed about its literature), he is hopeful that Britain and America will at last come to know China, and, through knowing, will be free to move in harmony with her.

The massive figure of Mr. Payne's great friend, Bergery, the philosophical newsman and idealist who chooses to die in a Buddhist mountain retreat, provides the thematic unity for the diary of his disciple. It is Bergery who preaches and Payne who muses that "the pure enjoyment of the moment is the greatest philosophy." At the same time that they worship the purity of intellect and spirit which marked the great Chinese teachers and leaders for Bergery and clearly for Mr. Payne as well, the men who create war, and many of the living who fail to strive for peace, are dead, "without love, without life, without wisdom."

This writer, whose competence as a translator of Chinese poetry into good English lines is so welcome, is able in his prose to create a mood and graphically evoke the things he has seen.

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京　滬　線　NANKING SHANGHAI LINE

TIME TABLE

44	24	2	22	42	74	4	車次 TRAIN NO.		73	41	43	23	1	21	3
4th Class	3rd Class	Exp.	Fast	2,3 Local	2,3 Local	Night Exp.	站名 STATIONS		2,3 Local	2,3 Local	4th Class	3rd Class	Exp.	Fast	Night Exp.
1.00	7.00	9.00	11.00	15.00	18.00	21.00	D 上海 SHANGHAI	A	10.45	12.10	13.30	18.40	16.30	19.35	6.30
2.36	8.39	10.07	12.12	16.57	19.53	22.33	A 崑山 QUINSAN	D	8.45	10.14	11.35	17.01	15.20	18.13	5.16
2.41	8.42	10.12	12.16	17.10	19.56	22.38	D	A	8.37	10.10	11.30	16.54	15.15	18.08	5.11
3.41	9.47	10.56	13.00	18.37	20.52	23.38	A 吳縣 WUHSIEN	D	7.29	9.00	10.05	15.50	14.30	17.23	4.20
4.13	9.56	11.06	13.15	18.46	21.00	23.50	D	A	7.17	8.54	9.44	15.39	14.21	17.14	4.11
5.23	11.07	11.57	14.25	20.02	22.00	0.48	A 無錫 WUSIH	D	6.00	7.41	8.30	14.28	13.31	16.19	3.14
5.43	11.18	12.05	14.35	20.11		1.00	D	A		7.35	8.19	14.17	13.23	16.12	3.05
7.03	12.23	13.02	15.46	21.30		1.58	A 武進 WUCHIN	D		6.20	7.05	13.05	12.27	15.10	2.00
7.22	12.50	13.15	16.00			2.13	D	A			6.30	12.36	12.12	14.54	1.39
8.47	14.49	14.11	17.01			3.19	A 丹陽 TANYANG	D			5.05	10.29	11.18	13.39	0.20
8.52	15.00	14.16	17.05			3.24	D	A			4.54	10.24	11.14	13.34	0.13
9.55	15.55	14.54	17.43			4.10	A 鎮江 CHINKIANG	D			3.40	9.30	10.36	12.56	23.17
10.30	16.10	15.07	17.51			4.22	D	A			3.17	9.12	10.25	12.41	23.05
13.10	18.20	16.30	19.25			6.00	A 南京 NANKING	D			1.00	7.00	9.00	11.00	21.00

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SHANGHAI	上海							
QUINSAN	崑山	52	540.00	720.00	360.00	450.00	180.00	225.00
WUHSIEN	吳縣	86	810.00	990.00	540.00	630.00	270.00	315.00
WUSIH	無錫	129	1,170.00	1,530.00	780.00	950.00	390.00	480.00
WUCHIN	武進	167	1,530.00	1,890.00	1,020.00	1,200.00	510.00	600.00
TANYANG	丹陽	212	1,980.00	2,520.00	1,320.00	1,590.00	660.00	795.00
CHINKIANG	鎮江	242	2,250.00	2,790.00	1,500.00	1,770.00	750.00	885.00
NANKING	南京	311	2,880.00	3,600.00	1,920.00	2,280.00	960.00	1,140.00

滬　杭　線　SHANGHAI HANGCHOW LINE

TIME TABLE

11	61	31	車次 TRAIN NO.		32	12	62
Express	2,3,4 Class	2,3 Class	站名 STATIONS		2,3 Class	Express	2,3,4 Class
7.00	7.50	15.15	D 上海北站 SHANGHAI NORTH	A	13.45	19.30	22.35
7.15	8.09	15.35	A	D	13.25	19.15	22.16
7.25	8.19	15.40	D 上海西站 SHANGHAI WEST	A	13.20	19.05	22.11
8.14	8.24	16.45	A	D	12.12	18.16	21.07
8.19	8.30	16.50	D 松江 SUNGKIANG	A	12.07	18.11	21.02
9.80	11.04	18.28	A	D	10.38	17.00	19.35
9.42	11.13	18.40	D 嘉興 KASHING	A	10.26	16.48	19.25
10.16	11.52	19.19	A	D	9.38	16.14	18.42
10.18	11.54	19.21	D 峽石 HASHA	A	9.36	16.12	18.40
10.53	12.39	20.07	A	D	8.51	15.37	17.51
10.58	12.44	20.14	D 長安 CHANGAN	A	8.46	15.32	17.46
12.00	14.00	21.30	A 杭州 HANGCHOW	D	7.30	14.30	16.30

FARE LIST

STATIONS 站名		Kilo.	I Class Ordinary Express		II Class Ordinary Express		III Class Ordinary Express	
SHANGHAI	上海							
SUNGKIANG	松江	45	450.00	632.00	300.00	290.00	150.00	495.00
KASHING	嘉興	99	900.00	1,080.00	600.00	690.00	300.00	345.00
HASHA	峽石	125	1,170.00	1,530.00	780.00	960.00	390.00	480.00
CHANGAN	長安	151	1,440.00	1,800.00	960.00	1,140.00	480.00	570.00
HANGCHOW	杭州	190	1,710.00	2,070.00	1,140.00	1,320.00	570.00	660.00

華中鐵路管理委員會
CENTRAL CHINA RAILWAY ADMINISTRATIVE COMMISSION

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